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BIBLIOGRAPHY

**BIBLIOGRAPHY OF MATERIAL SHOWING SOVIET EXPLOITATION
OF THE DOMESTIC CONSUMER AND OF UNDERDEVELOPED COUNTRIES**

7 June 1957

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Bibliography of Material Showing Soviet Exploitation of the Domestic Consumer and of Underdeveloped Countries

I. Introduction.

This bibliography is divided into two parts, one showing Soviet exploitation of the domestic consumer and the other showing Soviet exploitation of underdeveloped countries. Each of these parts is divided into two - a commentary on the list of titles and the list itself. References in the commentary are to titles in the corresponding list of titles and are referred to by the author's last name, unless otherwise indicated. The commentary, in turn, is divided into observations on content and on both availability and quality. Attention is called to the fact that, although outside the scope of this bibliography, material on the slow rise in living standards in the USSR could usefully be supplemented by like material on the satellites, among which the speeches of the more independent leaders (Nagy, 4 July 1953, to the Hungarians and Gomulka, 30 October 1956, to the Poles) are outstanding and should make effective propaganda.

II. Exploitation of Domestic Consumer.

A. Comment.

1. Availability.

In the past, official Soviet data permitting an assessment of living standards, such as consumption levels and real wages, have been scarce. Data that have been released have sometimes been of questionable reliability. Estimates, therefore, have been constructed in large measure from such disaggregate items as prices of various commodities, the production of consumer goods and services. Some reports of these data have been inconsistent.

* For list of material referred to in this section, see p. 6.

With the recent publication of statistical standards and the general relaxation of secrecy, however, the situation has improved. As some of the new material points to declining standards or, at best, slightly improving standards over certain periods, some official confirmation for diverse admissions earlier reached by foreign students is available now. This material should prove highly useful to the anti-Soviet propagandist to uncommitted countries.

2. Content.

a. Per Capita Production.

Available data tend to show a rise in the per capita production of the aggregate of consumer goods and services, and of many important individual items for the period 1913-57. The total for parts of the period, and for some important items for the entire period (notably, housing), indicate an opposite trend. Moreover, upon adjustment of the data to approximate the availability of consumer goods per capita in the urban sector of the economy, the data suggest at best a modest improvement in consumption.

For the production of important consumer goods per capita for the entire population during 1928-57, as derived from official figures on population and gross production, see the Handbook, pp. 1 and 17-18. Tables on these pages tend to show increases of about 100 percent for basic textiles and foods. These increases are, however, subject to considerable downward adjustment because the statistical coverage of production is more complete as a result of the recent shift from home-to-factory industry, and therefore more accurate. As most of the

The National Bureau of the USSR: A Statistical Yearbook (Translation of Narodnoye Khozyaystvo by CIA/RSS, No. 546, 29 June 1975).

production of the listed consumer goods was destined for the urban population. The output of many important items (even before adjustment) grew less rapidly than the urban population, the suggestion these data contain is that per capita urban consumption improved only slightly if at all. This suggestion is particularly strong in the case of leading foodstuffs, the great bulk of the output of which went to the urban population since the very start of the period. For a detailed argument from per capita output figures to the conclusion that urban consumption increased little, if at all -- an argument which is persuasive, but not conclusive -- see Chapman, pp. 148-149, for the period 1923-32, and Jansky, pp. 73-76, for the period 1928-40. For popular treatment, see Birch and Parker, p. 107.

The lack of an increase in the per capita availability of urban housing in the period 1923-55 and the decline in the period 1928-55 are implied in the tables on pp. 1 and 169 of the Handbook. These implications were explicitly faced up to by a Soviet review of the Handbook in Kommunist (1956, no. 9, p. 109).

More refined analysis could only strengthen the legions conclusion to which the data point. For further detail on the decline in per capita availability of urban housing in the country at large during 1923-50, and in Moscow during 1913-50, see Gosnoby's useful study, especially p. 106 and 112. Further comments are contained in Jansky, p. 70; Schwartz, pp. 106-112; Schwartz, pp. 433-9; and Birch and Parker, p. 106.

b. Real Wages and Incomes

Available statistical data, analyzed in the most favorable light, indicate that the real wages of workers and employees were somewhat above

levels and appreciably above 1913 levels. Examined from the point of view, the data show that real wages are considerably below 1913 levels and appreciably below 1913. It should also be pointed out, however, that all wages have risen since World War II.

Chapman's careful study of real wages -- the best in the field -- indicates that 1952 wage levels were inferior to wage levels in 1928. Real wages in 1952 before deductions for taxes and loans were found to be 3 percent below the 1928 level on one set of weights, 3 percent above on another set of weights -- probably the more meaningful criterion of living standards. After taxes -- wages were found to be 37 percent and 10 percent, respectively, below. As the 1928 level of real wages is by official report about 11 percent above the 1913 level and as the 1956 level is about 23 percent above the 1952 level, it follows that real wages in 1952, more favorably weighted, were about at the 1913 level and many are appreciably above. Less favorably weighted, real wages are still below the 1913 level and considerably below the 1928 level. On this subject see the works of Jansy, Chapter 4; Schwartz, Chapters 4 and 5; and Schwartz, Chapter 11. Procedures underlying the conclusions reached in these works are as careful, exhaustive, well-outlined, and well-documented as Chapman's. The conclusions do correspond well with Chapman, however. Jansy, p. 69, finds the ratio of the 1948 to the 1928 level to be 44 percent, or virtually the same as Chapman. Schwartz, p. 232, finds the 1951 level noticeably below the 1928 level -- considerably below the 1938 and 1928 levels -- without, however, making the same judgments. Schwartz, p. 540, finds real earnings, in the more limited sense of the ratio of wages to purchase food alone, to be 35 percent of the 1928 level.

1948, and 91 percent in 1953. Schwartz's treatment leaves much to be desired. Burtis and Parker, p. 100, and Industrial War, p. 50, are probably based on Chapman.

The decline in the per capita incomes of peasants during the war is mentioned in Jasny, p. 73, whose conclusions point to a drop of 50 percent from 1927 to 1937 and to further (non-quantified) drops from 1937 to 1947 and from 1947 to 1950.

The growth of the tax burden on the entire population, measured in aggregate terms for 1925-50, is demonstrated in Holzman's chapter. The growth of the tax burden on workers and employees during 1926-50 is measured by two indexes (that is, for real wages, before and after) on p. 10.

c. Living Standards and Heavy Industry and Defense.

The slowness of growth in household consumption and living standards relative to investment and defense is presumptively indicated by the difference in growth rates between light and heavy industry, the official index for the period 1928-55 is to be found on p. 30 of the Handbook. The increase for 1928-50 is found in Holzman, pp. 89 and 123. The attribution of the slow movement in living standards to the preferential position of nonconsumption is made in Chapman, p. 150; Jasny, Chapter 5; and Schwartz, Chapter 10. Summarized conclusions on trends in living standards for the last decade are presented. This explanation is, of course, implicit in most major pronouncements of the Soviet leadership since the beginning of the first Five Year Plans.

List of Material.

Author	Title	Publisher and Date
Clark, Gilbert, and Parker, Sanford S.	"The Crisis of Soviet Capitalism"	Fortune, February 1957.
Chernin, Janet G.	"Real Wages in the Soviet Union, 1928-1952"	The Review of Economic Statistics, May 1954.
Handbook	See USSR, below	
Indignon, D.R.	<u>Soviet Industrial Production, 1928-1951</u>	Harvard University Press, Cambridge, Massachusetts, 1954
Johnson, F.D.	"The Burden of Soviet Inflation"	American Economic Review, September 1953, p. 864.
Industrial War	"Industrial Wars Can Russia Win" (unsigned article)	Newsweek, 6 February 1954, p. 53
Jones, Wain	<u>The Soviet Economy During the Plan Era</u>	Stanford University Press, Stanford, California.
Schabas, Solomon M.	<u>Labor in the Soviet Union</u>	Frenger, New York, 1954.
Schubert, Harry	<u>Russia's Soviet Economy</u> (second edition)	Prentice-Hall, New York.
Shubert, Timothy	<u>The Housing Problem in the Soviet Union</u>	The East European Review, New York, 1954
USSR, Council of Ministers, Central Statistical Admini- stration	<u>The National Economy of the USSR A Statistical Compilation</u>	Translation of Narodnoye Khozaystvo by CIA/ODS, June 1956

VII. Exploitation of Underdeveloped Countries.A. Comment.*1. Availability.

The literature of Soviet economic exploitation of the present satellites and of underdeveloped countries elsewhere in the World is meager. This is probably partly because of the secrecy that has surrounded many of the transactions which might be expected to provide relevant data. It is probably also, however, partly because of the meagerness of the data themselves (see 2, below). The existing literature falls into two classes -- a small number of specialized, fact-appropriate works and a larger number of secondary statements incorporated into works of broader scope. Among the former the Bookings of Soviet Penetration, Dewar, and the CEMIS report are to be recommended as useful balanced treatments. Among the latter, attention is called to relevant sections of Stoneman, pp. 254-64, and Wolff, pp. 333-337 and 343-346.

2. Content.a. General.

Examples of Soviet economic exploitation of the present satellites and of underdeveloped countries appear to be confined largely to the years immediately following World War II (roughly, 1945-48) and to Eastern Europe. Exceptional examples, however, are to be culled from the early history of the Soviet regime (see, for example, relations with Iran in the 1920's and 1930's described in Lehman, pp. 51-57), and the recent past (see, as a possible

* For list of material referred to in this section, see p. 11.

dealings with Burma in 1955-56 discussed in Rubinstein, pp. 100-101.

Countries other than Eastern Europe also are discussed in the preceding section.

Deserving special mention is the spirit of somewhat greater competitiveness which appears to have crept into Soviet external business dealings in recent years. Such a change in Eastern Europe was noted some years ago (Rubinstein, p. 260), and seems to be confirmed by recent transactions with China (Rubinstein, pp. 87-88 and 91-92). This change does not, of course, mean that the USSR is no longer seeking to extract advantage out of its dealings with other countries. It does, however, mean that the aim has shifted from short-term gain to the long-term political gain which may be expected to accrue from favorable attitudes and the increasing dependence upon the USSR of its trading partners (see, for example, Thorp). This, in turn, means that the propagandist who bases an anti-Soviet appeal upon unhappy experiences suffered in the early postwar years must consider the possibility that the happier experience of recent years not only may provide an effective defense against such an appeal but also may be used as a means of attack.

The three main kinds of activity which provide examples of Soviet exploitation are discussed below, with appropriate comments.

b. Trade Agreements.

Forms of Soviet exploitation of weaker countries in this area of activity include overpricing of Soviet goods, underpricing of the trading partner's goods, forcing upon the trading partner of goods of poor quality, and obtaining concessions to partner. For instances of underpricing of the partner's

goods and failure to deliver, see the Soviet-Polish agreement of September 1945 (German reparations due USSR for Polish coal) and action thereunder (Sutton-Watson, pp. 259-260 and CHRS, Chapter 6, pp. 17-19). For an attempt of underpricing of the partner's goods and reselling the same at a huge profit, see the Soviet action with respect to Bulgarian rose oil in Bucharest, p. 50 and in Wolff, p. 344. For a discussion of forcing goods of little value on partners, see Sutton-Watson, pp. 260-261, and Hilton, p. 126. The agreements in 1953-56 with Burma, in which the USSR arranged to exchange industrial equipment and materials for rice, may provide another and more recent instance of some of these practices, notably the overvaluing of Soviet goods and the prevailing upon a partner to accept goods which it does not really need, in this case cement (Chabinski, pp. 101-102). Put to their misfortune the Burmese seem to have blamed themselves and their planning and trading inexperience to blame, and it is to be noted that the USSR has subsequently agreed to certain modifications in the agreements in Burma's interest.

c. Mixed Companies

Instances of Soviet exploitation of weaker countries by means of the binational or mixed companies formed since World War II are numerous. The USSR entered into this type of arrangement for the alleged purpose of developing, inter alia, in Hungary, the heavy industry and air and river transport; in Communist China, the Changshan railroad, the Shihai shipyards, and oil and nonferrous metals in Sinkiang; in Rumania, the oil and timber industries and air and river transport; and in Yugoslavia, air and river transport. In the forest

These companies, the USSR sometimes failed to contribute its agreed share of capital. (Economics, p. 36); sometimes insisted on valuing its contributions to capital at one price and its partner's at a lower price (Wolfr, p. 336) and frequently insisted on the power of appointing the manager and on the preponderant interest of the company over competitors, with respect to taxes and the like, in the partner or host country (Economics, Chapter 3). The USSR also sometimes insisted on the prepayment to itself of its share of profits (Economics, p. 37). In the operation of the companies, the Russians through the general manager sometimes (through discriminatory prices) secured adoption of a purchasing policy favoring Soviet suppliers and a sales policy favoring Soviet consumers (CESTR, pp. 41, 42, Chapter 6). In liquidating companies, the USSR sometimes forced the partner to leave any deficit outstanding (Economics, p. 37). The companies whose histories contain instances of most of the practices mentioned (and some not mentioned) which may perhaps be regarded as providing the best case examples of this kind of exploitation (because they were not complicated by an earlier relationship of dependency) are Juspel and Justa, the Soviet-Yugoslav mixed companies for rail and air transport (Economics, Chapter 4, and CESTR, Chapter 6, pp. 45-49).

d. Reparations.

Forms of exploitation engaged in by the USSR under cover of exacting reparations from defeated enemies include valuation at low prices of the deliveries made against established total value of reparations, expansion beyond the limits of definition of war booty, and the repudiation of debts owed by, but insistence on repayment of debts owed to, the enemy companies taken over. (Economics, Chapters 1 and 2; CESTR, Chapter 6; Gerschenkron, pp. 89-90; Hilton, pp. 130 and 131; and Kertess, p. 131. ~~FOR OFFICIAL USE ONLY~~)

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Leontiev, Alexander	<u>"Moscow-Peking Axis: The Economic Pattern" in Hookman, Howard L. et al, Moscow-Peking Axis</u>	Harper and Row, New York, p. 34
Leontiev, Alexander	<u>The Economics of Soviet Penetration (no author)</u>	No publisher, dated February 1955. See CIA document
Leontiev, Alexander	<u>"Russia's Trade in the Postwar Years", in Mosely, Philip H., The Soviet Union Since World War II, Annals of the American Academy of Political and Social Sciences</u>	American Academy of Social and Social Sciences, Philadelphia, Pennsylvania, 1949, p. 85
Leontiev, Howard J., Jr.	<u>"Hungary: a Case History of Soviet Economic Imperialism"</u>	US Department of State, Bulletin No. 25, 27 August 1951, p. 323
Leontiev, Stephen	<u>"Methods of Soviet Penetration in Eastern Europe", in Curran, Waldemar, editor, The Soviet Union: Background, Ideology, Reality</u>	University of Notre Dame, Notre Dame, Indiana, 1951, p. 85
Leontiev, George	<u>Russia and the West in Iran, 1918-1948</u>	Cornell University Press, Ithaca, New York, 1949
Leontiev, Alvin	<u>"Soviet Policy in South Asia"</u>	Current History, February 1951, p. 97
Leontiev, Hugh	<u>The East European Revolution</u>	Frederick, New York, 1951
Leontiev, Willard L.	<u>"American Policy and the Soviet Economic Offensive"</u>	Foreign Affairs, January 1951, p. 271
Leontiev, Robert L.	<u>The Balkans in our Times</u>	Harvard University Press, Cambridge, Massachusetts